



**Written Testimony in Support of HB 5481
Andy Goldberg, Esq.
Amrock
Detroit, MI**

Chair Farrington and distinguished members of the Committee on Financial Services,

My name is Andy Goldberg and I work for Amrock, a national Appraisal Management Company (AMC) based in Detroit, Michigan. I am here today representing my company and the members of REVA (the Real Estate Valuation Advocacy Association), a non-profit collaborative comprised of the nation's leading AMCs that, like Amrock, are licensed in Michigan and throughout the country.

REVA strongly supports House Bill 5481 because it provides important amendments to the state's AMC law to ensure federal compliance. We encourage this committee to do the same.

I am proud to share that HB 5481 was developed collaboratively with the Michigan Department of Licensing and Regulatory Affairs (LARA), the Michigan Bankers Association, Michigan Mortgage Lenders Association and others to ensure that affected stakeholders were actively engaged.

Specifically, these amendments:

- Ensure Michigan is compliant with the 2015 Appraisal Management Company minimum standards promulgated by the Appraisal Subcommittee as directed by Dodd-Frank.
- Ensure Michigan is compliant with the 2017 Appraisal Subcommittee guidance for the creation of a National Registry of Appraisal Management Companies and provides the ability to collect this fee from licensees and remit them as required.

For those unaware, AMCs are third-party providers of real estate valuation products to the lending community that facilitate federal and state compliant appraisals for Michigan homebuyers. AMCs and appraisers are licensed by the Michigan Department of Licensing and Regulatory Affairs (LARA). In addition to Michigan, the other 49 states and the District of Columbia also license AMCs in a manner compliant with federal law.

Without passage of HB 5481, LARA's AMC licensing program would not be compliant with federal minimum standards and could result in Michigan being the first and only state to have its AMC licensing program terminated. Given the current reliance on the AMC business model, this would mean inevitable marketplace disruption as banks, credit unions and mortgage lenders that serve Michigan homebuyers will immediately be forced to begin transitioning appraisal services to develop a new way to obtain residential appraisals and comply with federal law. In addition, it will negatively impact consumers seeking mortgages and appraisers who work for AMCs

REVA and its members support House Bill 5481 and request committee approval to ensure the continuation of compliant AMC licensing in Michigan.

Thank you for allowing me to address the committee, I am happy to answer questions.



About Appraisal Management Companies (AMCs)

AMCs are third-party service providers engaged by bank and non-bank lenders to work with appraisers to complete residential assignments in compliance with federal appraisal independence requirements.

AMCs have existed since the 1960's, utilized by the largest US financial institutions to reduce consumer costs by outsourcing the expenses that would be incurred through their internal management of the valuation process. AMCs grew in popularity among smaller and mid-size lenders following the 2010 financial crisis as their attention to efficiency, compliance and regulatory responsibilities were refocused. There are an estimated 300-400 AMCs in the nation, ranging from small local businesses to large national corporations. Among an AMCs core functions:

- Maintaining a panel of qualified appraisers ready to execute lender valuation assignments.
- Ensuring appraiser independence by safeguarding against fraud and undue influence.
- Providing quality assurance processes in the delivery of final appraisal and valuation products.
- Supporting a smooth, timely and responsive mortgage process for consumers and lenders.
- Ensuring lender compliance with federal and state banking and mortgage regulations.

All 50 states and the District of Columbia have implemented AMC regulatory and licensing programs.

AMCs Play a Vital Role in Protecting Consumers

Safeguard Appraiser Independence and Protecting Against Fraud - AMCs help ensure that appraisals are completed in compliance with federal and state laws, as well as industry standards (USPAP), and that appraisers form their value opinions independently, without undue influence. Preventing coercion is critical to avoiding collusion in the valuation process and thereby reducing the potential for fraud.

Protect Public Safety - Consumers are provided an extra layer of safety and protection as most AMCs are required to conduct background checks before appraisers are employed or empaneled. Further, AMCs continue to monitor appraisers on an ongoing basis to ensure that appraisers who are unqualified or may pose a threat to public trust or safety are removed.

AMCs are Integral to America's Mortgage Lending and Secondary Markets

Ensure Lender Compliance with Banking and Mortgage Regulations - AMCs serve as invaluable partners for lenders as they ensure efficiency and support lender compliance with the mortgage lending requirements of federal regulators (e.g., Fed, FDIC, OCC, CFPB).

Ensure Appraiser Independence - Lenders favor AMCs because they provide efficient solutions to establish and maintain the necessary firewalls necessary to preserve appraiser independence.

Ensure Quality Essential to Consumers and the Secondary Market - AMCs provide the quality assurance lenders need to ensure a valuation will not prevent a loan from being saleable in the secondary market. Federal agencies require lenders to provide them with thorough, accurate, and objective appraisal reports that contain reliable opinions of market value to support underwriting decisions.

About REVA

REVA is a trade association whose members are companies that provide residential real estate valuation services including appraisal management, evaluations, Broker Price Opinions (BPO), and Automated Valuation Models (AVM) on behalf of national, state and local mortgage lenders.

Accurate Group
Amrock
Applied Valuation Services
Appraiservendor.com
Axis AMC

Clear Capital
Computershare
Core Logic
Frisco Lender Services
Independent Settlement Svc.

LRES
MountainSeed
Nations Valuation Svc.
PCV Murcor
Pro Teck

Radian
Service 1st
ServiceLink
SingleSource
Southeastern Evaluation

Stewart Lender Services
SWBC Lending Solutions
Valustrust Solutions
Wells Fargo RE Val Svc.
Xome Valuation Services

For More Information:

Mark Schiffman • mark.schiffman@revaa.org • (612) 716-1812
712 Vista Boulevard, PMB 129 • Waconia, MN 55387